



TREASURER-TAX COLLECTOR COUNTY OF SAN DIEGO

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Treasurer-Tax Collector



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Audit Report of County's Electronic Fund Transfer Process Complimentary of Treasurer-Tax Collector's Efforts to Improve Process; Offers 48-Point Plan for Continued Improvement

Independent Auditor, Macias, Gini & Co. today released its final audit report pertaining to the Electronic Fund Transfer (EFT) operations within the San Diego County Treasurer-Tax Collector's Office. In its report, Macias, Gini credited current Treasurer-Tax Collector Dan McAllister for improved handling of EFTs and said that in one six-month period, McAllister's staff spared the County \$220 million in financial chaos by proactively identifying problems prior to EFT execution. The audit also developed a 48-Point Plan for continued improvement in the EFT unit of the accounting division of the Treasurer-Tax Collector's Office.

McAllister called for the audit last year after errors were discovered with two EFT transactions. In one case, \$21.7 million was mistakenly electronically transferred to the San Diego Unified School District, and in the other, funds were not transferred to cover an \$18 million bond purchase. The errors were discovered within a short period of time and in neither case was there any cost to taxpayers. No funds were lost.

"This audit report is the bi-product of many months of careful, thoughtful examination by an independent, outside auditor. When I first took office, I made a pledge to get to the bottom of problems when they occurred and to fix the problems once we knew the specifics. The results of this audit and review have clearly given us a roadmap for improvement. I am pleased to report that we have already begun to implement the recommendations of the audit and we will not rest until each and every recommendation is implemented," McAllister said.

During the course of its audit, Macias & Gini examined 3,810 EFT transactions over a five-year period between 1999 and 2004. As part of its audit examination, auditors also conducted field visits and conducted extensive interviews with Treasurer-Tax Collector personnel. In 2004, the Treasurer-Tax Collector's Office processed 731 EFTs totaling nearly \$13 billion. The auditors

concluded that, although under new management, the Treasurer-Tax Collector's Office, with the leadership of Dan McAllister, had inherited "aged work processes," some dating back to the 1930's-40's, and a system where other processes were absent.

According to the auditors, 1 in 5 requests for EFTs submitted by other agencies contained discrepancies involving incorrect account numbers, recording the wrong payee information, or provided an incorrect date for the EFT to occur. "The significant efforts undertaken by the Treasurer-Tax Collector's Office to upgrade and update EFT processing led to the prevention of many EFT errors valued at millions of dollars. Their efforts led to overall effectiveness in transaction processing in spite of missing controls, insufficient staffing levels and missing management systems."

"I am pleased with the efforts we have made to upgrade and update our EFT processing area. We still have more work to do. This audit is a huge step forward for this department and we will continue to make improvements in this and other areas within our responsibility. Full disclosure and transparency are important to the credibility of this operation. If we find other areas of our operation that need to be scrutinized, we will not hesitate to do so. When I was elected, I believe I was given a mandate by the people to identify problems in this department and to fix them. I intend to continue doing so," McAllister concluded.

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